



THE CITY OF SAN DIEGO

NOTICE OF PUBLIC HEARING

The San Diego City Council will hold a public hearing to consider proposed increases in water and sewer rates and charges. Interested parties are invited to attend:

Date: Monday, February 26, 2007
Time: 2 p.m.
Place: City Administration Building
202 "C" Street, 12th Floor Council Chambers
San Diego, CA

This Notice Describes:

- Amount of proposed water and sewer rate increases
- Reasons for the proposed rate increases
- How the proposed rates were calculated
- How to file a protest for the proposed rates
- Where you can find more information about the proposed rate increases

Explanation of Rate Increases

If adopted, the proposed rate changes will be implemented over the next four years. The proposed rates are presented in the tables below. The amount of your utility bills will depend on your customer class (single family residential rates are different than industrial rates, for example) and the amount of water you use.

The proposed increases will help the City provide reliable, high quality water and sewer services. The City water and wastewater departments rely almost entirely on customer revenues to provide these services. No local, state or federal taxes offset the cost of these services. The proposed rates collect only that estimated amount needed to cover actual costs of water and sewer service. As discussed in more detail below, service costs are increasing due to more demanding federal and state environmental rules, inflation, and the need to maintain equipment and facilities to avoid more expensive repairs later.

How Can I Participate?

Interested parties can comment on the proposed rates. California law prohibits the City from implementing the new rates if a majority of the affected property owners file written protests opposing the rates before the end of the public hearing. Written protests must be submitted to the City Clerk, Mail Station No. 2P, City Administration Building, 202 "C" Street, San Diego, CA 92101, before the end of the public hearing which is scheduled for 2:00 pm, February 26, 2007. Each protest must identify the affected property (by assessor's parcel number or street address) and include the signature of a record property owner or utility customer. Email protests will not be accepted. Although oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest, the City Council welcomes input from the community during the public hearing.

How Can I Get More Information?

If you have any questions regarding the hearing, the proposed rates or how to file a protest, please contact **Customer Service at 619-515-3500** for both water and sewer rates.

More information regarding the proposed water and sewer rates is available on the City website: www.sandiego.gov. This information includes the recently completed Water and Wastewater Cost of Service Studies which describe in detail the basis and reasons for the proposed charges. The Studies can also be viewed at the City Clerk's Office located at 202 C Street, 2nd Floor, San Diego, CA 92101.

PROPOSED WATER SERVICE RATES AND CHARGES

The City supplies water to more than 1.3 million residents through almost 3,500 miles of water pipes, three water treatment plants, nine raw water storage facilities, and thirty treated water storage facilities. The principal reasons for the proposed water rate increases are to provide revenues sufficient to:

- ✓ Operate and maintain, repair and replace water facilities to maintain system reliability, including water treatment plant upgrades and reservoir improvements.
- ✓ Replace aging pipes, pumps and other infrastructure, including 75 miles of cast iron pipe, to reduce the number of pipeline breaks and emergency repairs.
- ✓ Comply with federal and state environmental and safe drinking water rules, including a State Department of Health Services Compliance Order requiring, among other, things enhanced and expanded water treatment capacity.

To accomplish these purposes, the City proposes to increase water rates incrementally over the next four years through annual rate increases for all customer classes as follows:

July 1, 2007	July 1, 2008	July 1, 2009	July 1, 2010
6.5%	6.5%	6.5%	6.5%

Additionally, the City is proposing to refine its water rates by reallocating charges to more accurately reflect the costs to serve different classes of customers and to encourage conservation. Proposed changes include increasing the number of customer classes, lowering costs recovered by fixed monthly charges, and increasing costs recovered from rates based on the amount of water used. These changes may increase or decrease customers' bills, depending on the customers' class and the amount of water used and will encourage conservation and reward customers who do not waste water. The proposed water rates are:

Monthly Base Service Charge

Meter Size	Existing Rates FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Inches	Existing	Proposed	Proposed	Proposed	Proposed
	\$/month	\$/month	\$/month	\$/month	\$/month
5/8	15.87	15.18	16.17	17.22	18.34
3/4	15.87	15.18	16.17	17.22	18.34
1	17.11	22.17	23.61	25.15	26.78
1 1/2	75.41	38.13	40.61	43.25	46.06
2	116.24	58.09	61.87	65.89	70.17
3	414.73	104.98	111.80	119.07	126.81
4	692.00	171.83	183.00	194.89	207.56
6	1,542.72	337.46	359.39	382.76	407.63
8	2,081.78	537.01	571.92	609.09	648.68
10	2,793.63	770.49	820.57	873.91	930.71
12	3,892.44	1,435.00	1,528.28	1,627.61	1,733.41
16	6,514.14	2,499.62	2,662.10	2,835.13	3,019.42

ONLY USE FOR PROPOSED RATE INCREASE PROTEST

PLEASE CHECK ONE OR BOTH BOXES

I _____ protest the City of San Diego's proposed increases to: ☐ water rates ☐ sewer rates

(PRINT YOUR FULL NAME)

Property Address: _____ Signature: _____

If you wish to use this form as your protest, please fill out and mail in a stamped envelope to:

City Clerk, City Administration Building, 202 C Street, MS 2P, San Diego, CA 92101

NOTE: This form should only be used if you wish to protest the proposed rate increase.

Volume (Commodity) Rates

Proposed* Customer Class	HCF	FY 2007 Existing \$/HCF	FY 2008 Proposed \$/HCF	FY 2009 Proposed \$/HCF	FY 2010 Proposed \$/HCF	FY 2011 Proposed \$/HCF
SFR	0-7	1.731	2.262	2.409	2.566	2.732
"	7-14	2.163	2.461	2.621	2.791	2.973
"	Over 14	2.372	2.775	2.955	3.147	3.352
Other Domestic		2.003	2.461	2.621	2.791	2.973
Commercial & Industrial		2.003	2.357	2.510	2.673	2.847
Temporary Construction & Irrigation		2.003	2.524	2.688	2.863	3.049

(HCF = Hundred Cubic Feet; SFR = Single Family Residential)

*Currently there are two Customer Classes: SFR and Other.

PROPOSED SEWER SERVICE RATES AND CHARGES

The City supplies sewer services to more than 1.3 million City residents through 3,000 miles of sewer pipes and four major treatment plants. The reasons for the proposed sewer rate increases are similar to those for the proposed water rate increases:

- ✓ Operate and maintain, repair and replace wastewater facilities to maintain system reliability.
- ✓ Replace aging infrastructure at an estimated cost of roughly \$650 million, including approximately 45 miles of sewer pipes per year.
- ✓ Comply with federal and state environmental rules and guidelines, including resolution of litigation with the federal Environmental Protection Agency and environmental groups over past sewer spills.
- ✓ Settle litigation over the City's past sewer rates, including a four-year rebate to single family residential customers ("Shames Settlement"). The Shames Settlement is still subject to Court approval, so the tables set forth below show the proposed rates both with and without the Shames Settlement.
- ✓ Update costs and loadings of treatment parameters using current data.

To accomplish these purposes, the City proposes incremental rate increases over the next four years, applied to all customer classes as follows:

Rate Component	May 1, 2007	May 1, 2008	May 1, 2009	May 1, 2010
General	8.75%	8.75%	7.00%	7.00%
Shames Settlement	3.05%	3.05%	0.60%	0.50%
Total	11.80%	11.80%	7.60%	7.50%

In addition to the rate increase above, the City raised the cap on the volume of wastewater generated from a single family residence from 14 hcf to 20 hcf, and changed the return to sewer assumption to 95% of minimum winter water usage (see note 1 below). The City also updated costs and loadings of treatment parameters using current data. These adjustments may significantly increase or decrease customers' bills in addition to the rate increase set forth above, depending on a customer's class (such as single family, multi-family, or non-residential other) and the amount of water used (a predictable percentage of which becomes wastewater). The proposed wastewater rates are:

**Rates for Single Family Residential ("SFR") and
Multi-Family Residential ("MFR") Customers**

Customer Class	Current 2007	May 1, 2007	May 1, 2008	May 1, 2009	May 1, 2010
SFR (note 1)					
Usage Fee \$/HCF water	2.889	2.890	3.143	3.364	3.600
Base Rate \$/month	11.32	12.31	13.39	14.33	15.34
MFR (note 2)					
Usage Fee \$/HCF water	3.721	4.038	4.392	4.700	5.029
Base Rate \$/month	11.32	12.31	13.39	14.33	15.34

**Rates for Single Family Residential ("SFR") and
Multi-Family Residential ("MFR") Customers with Shames Settlement**

Customer Class	Current 2007	May 1, 2007	May 1, 2008	May 1, 2009	May 1, 2010
SFR (note 1)					
Usage Fee \$/HCF water	2.889	2.9781	3.2389	3.3842	3.618
Base Rate \$/month	11.32	12.69	13.80	14.42	15.42
Usage Rebate \$/HCF water		(0.0881)	(0.0959)	(0.0202)	(0.0180)
Base Rebate \$/month (note 3)		(3.63)	(3.66)	(3.34)	(3.33)
MFR (note 2)					
Usage Fee \$/HCF water	3.721	4.1612	4.5260	4.7282	5.0541
Base Rate \$/month	11.32	12.69	13.80	14.42	15.42

Note 1: Current rates assume that 100% of the water used in the winter month of the lowest usage is a good measure of the volume of wastewater generated by a home on a monthly basis (as there is little outdoor water use in that month). This figure is also capped at 14 Hundred Cubic Feet (HCF) because larger water users usually have extensive landscaping and thus do not generate as much sewage as they use water. Proposed rates beginning May 1, 2007 assume that 95% of minimum winter water use becomes wastewater and this is capped at 20 HCF for the reasons stated above and to conform to State guidelines. New customers will be charged a rate of \$38.32 per month until they have a winter water use history on which to base their rate (adjustments are made each July 1).

Note 2: 2007 rates are based on 95% of total water use on a month to month basis.

Note 3: The rebate amount is an estimate only. The rebate amount may be lower, depending on the number of requests for rebates from former City customers. The rebate lasts for four years.

Rates for Commercial Industrial Customers Discharging Less Than 25,000 GPD
WW-Wastewater

Customer Class	Current 2007	May 1, 2007	May 1, 2008	May 1, 2009	May 1, 2010
Comm/Ind (note 4)					
Flow \$/HCF WW	2.7534	3.0257	3.2905	3.5209	3.7674
TSS \$/lb	0.4294	0.4431	0.4819	0.5157	0.5518
COD \$/lb	0.1544	0.1801	0.1959	0.2097	0.2244
Base Fee \$/month	11.32	12.31	13.39	14.33	15.34

Rates for Commercial Industrial Customers Discharging Less Than 25,000 GPD with Shames Settlement

Customer Class	Current 2007	May 1, 2007	May 1, 2008	May 1, 2009	May 1, 2010
Comm/Ind (note 4)					
Flow \$/HCF WW	2.7534	3.1180	3.3909	3.5420	3.7862
TSS \$/lb	0.4294	0.4566	0.4966	0.5188	0.5546
COD \$/lb	0.1544	0.1856	0.2018	0.2110	0.2255
Base Fee \$/month	11.32	12.69	13.80	14.42	15.42

Note 4: 2007 rates reflect percentage of metered water use returned to sewer and pollutant loading based on national estimates of wastewater generation by businesses in the same Standard Industrial Classification (SIC) code as the business served.

Rates for Large Commercial Industrial Customers

Customer Class	Current 2007	May 1, 2007	May 1, 2008	May 1, 2009	May 1, 2010
Comm/Ind (note 5)					
Flow \$/HCF WW	2.7534	3.0257	3.2905	3.5209	3.7674
TSS \$/lb	0.4294	0.4431	0.4819	0.5157	0.5518
COD \$/lb	0.1544	0.1801	0.1959	0.2097	0.2244
Base Fee \$/month	11.32	12.31	13.39	14.33	15.34

Rates for Large Commercial Industrial Customers with Shames Settlement

Customer Class	Current 2007	May 1, 2007	May 1, 2008	May 1, 2009	May 1, 2010
Comm/Ind (note 5)					
Flow \$/HCF WW	2.7534	3.1180	3.3909	3.5420	3.7862
TSS \$/lb	0.4294	0.4566	0.4966	0.5188	0.5546
COD \$/lb	0.1544	0.1856	0.2018	0.2110	0.2255
Base Fee \$/month	11.32	12.69	13.80	14.42	15.42

Note 5: 2007 rates reflect percentage of metered water use returned to sewer and pollutant loading for customers discharging more than 25,000 gpd and are individually measured or based on national estimates of sewage generation by businesses in the same Standard Industrial Classification (SIC) code as the business served.

Rates for City-metered Sewage Flows, Imported Flows, and Hauled Wastes

Customer Class	Current 2007	May 1, 2007	May 1, 2008	May 1, 2009	May 1, 2010
Contract/Haulers (note 6)					
Flow \$/HCF WW	2.7534	3.132	3.4061	3.6446	3.8998
TSS \$/lb	0.4294	0.4586	0.4988	0.5338	0.5712
COD \$/lb	0.1544	0.1864	0.2028	0.2170	0.2322

Rates for City-metered Sewage Flows, Imported Flows, and Hauled Wastes with Shames Settlement

Customer Class	Current 2007	May 1, 2007	May 1, 2008	May 1, 2009	May 1, 2010
Contract/Haulers (note 6)					
Flow \$/HCF WW	2.7534	3.2275	3.5100	3.6665	3.9193
TSS \$/lb	0.4294	0.4726	0.5140	0.5370	0.5741
COD \$/lb	0.1544	0.1921	0.2090	0.2183	0.2334

Note 6: Proposed rates applicable to contract customers and hauled waste customers. Base fee is included in rates above and not charged separately; cost to serve is based on metered sewer flows.

This material is available in alternative formats upon request to accommodate persons with disabilities or non-English speakers. To order information in an alternative format, or to arrange for a sign language or oral interpreter at the February 26th hearing, please call the Clerk's office on or before February 19th at (619) 533-4000 (voice) or (619) 236-7012 (TTY).

Ang kasulatan na ito ay matatagpuan din sa
www.sandiego.gov, sa wikang Tagalog.
Este Material es disponible en Espanol el
la pagina electronica: www.sandiego.gov

THE CITY OF SAN DIEGO
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